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# 2nd Annual Report

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**



**July 1, 1958 to June 30, 1959**



# **2nd Annual Report**

***SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT***



## BOARD OF DIRECTORS

Clair W. MacLeod, *President*

John C. Beckett, *Vice President*

### COUNTY OF ALAMEDA

Arnold C. Anderson  
Clair W. MacLeod  
George M. Silliman  
Sherwood Swan

### CITY AND COUNTY OF SAN FRANCISCO

Allan E. Charles  
Arthur J. Dolan, Jr.  
Adrien J. Falk  
Thomas Gray

### COUNTY OF MARIN

John C. Beckett  
Thorpe J. De Lasaux

### COUNTY OF CONTRA COSTA

H. L. Cummings  
Marvin A. Joseph  
Harry L. Morrison, Jr.

### COUNTY OF SAN MATEO

A. J. Bertini  
Thomas F. Casey, Jr.  
Joseph G. Hunter

## STANDING COMMITTEES OF THE BOARD<sup>1</sup>

### FINANCING

Adrien J. Falk, *Chairman*  
Arthur J. Dolan, Jr.  
A. J. Bertini  
Harry L. Morrison, Jr.  
Sherwood Swan

### LEGISLATION AND LEGAL MATTERS

Allan E. Charles, *Chairman*  
Arnold C. Anderson  
Thomas F. Casey, Jr.  
T. J. De Lasaux  
Marvin A. Joseph

### LIAISON WITH GOVERNMENTAL AGENCIES

George M. Silliman, *Chairman*  
H. L. Cummings  
T. J. De Lasaux  
Thomas Gray  
Thomas F. Casey, Jr.

### ORGANIZATION AND OPERATIONS

Marvin A. Joseph, *Chairman*  
Arnold C. Anderson  
Arthur J. Dolan, Jr.  
Joseph G. Hunter  
Harry L. Morrison, Jr.

### PLANS DEVELOPMENT AND ENGINEERING

Joseph G. Hunter, *Chairman*  
Allan E. Charles  
H. L. Cummings  
Arthur J. Dolan, Jr.  
George M. Silliman

### PUBLIC INFORMATION

T. J. De Lasaux, *Chairman*  
Arnold C. Anderson  
Thomas Gray  
George M. Silliman  
Vacancy

### RULES AND POLICIES

Sherwood Swan, *Chairman*  
Thomas F. Casey, Jr.  
Allan E. Charles  
Adrien J. Falk  
Harry L. Morrison, Jr.

## ADVISORY BOARD ON FINANCING

Alan K. Browne, *Chairman*  
Alan Bartlett  
John Inglis

Alger Jacobs  
MacBoyle Lewis  
James M. Wiley

John J. Goodwin<sup>2</sup>  
Harry D. Ross<sup>3</sup>

## PAST DIRECTORS

J. Frank Barrett<sup>4</sup>  
*San Mateo County*  
Nov. 12, 1957 to Dec. 8, 1958

Henry Doelger  
*San Mateo County*  
Nov. 12, 1957 to Mar. 13, 1958

Robert Higgins  
*San Mateo County*  
Nov. 12, 1958 to May 26, 1959

J. Joseph Sullivan  
*San Francisco County*  
Oct. 28, 1957 to Feb. 13, 1959

## STAFF

John M. Peirce, *General Manager*  
Keneth M. Hoover, *Chief Engineer*  
John J. Goodwin, *Treasurer*

Harry D. Ross, *Controller*  
Wallace L. Kaapcke, *General Counsel*  
Angus M. Cohan, *Secretary*

B. R. Stokes, *Director of Information*  
K. D. Lawson, *Economic Analyst*  
Richard J. Shephard, *Administrative Assistant*

NOTE: <sup>1</sup> The President and the Vice President are ex officio members of all standing committees.

<sup>2</sup> District Treasurer; ex officio member of Advisory Board.

<sup>3</sup> District Controller; ex officio member of Advisory Board.

<sup>4</sup> Deceased.

## Report of the President

During the year July 1, 1958 to June 30, 1959, the activities of the District progressed from the organizational phase, which of necessity claimed first attention, to a program of intensive planning directed at developing the physical plan of a rapid transit system best suited to the needs of our District, and to developing the related plan for financing the system's capital cost.

The basic staff organization was essentially completed with the appointment during January 1959 of Mr. Kenneth M. Hoover to the position of Chief Engineer.

An account of the District's activities is set forth in the remarks of the General Manager which form a part of this annual report. Accordingly, this section of the report will be limited to highlighting those subjects meriting special attention.

Particularly worthy of mention are the important contributions made by the standing committees of our Board of Directors. The thorough and painstaking manner with which the committees have studied and analyzed the matters referred to them has been of major assistance to the Board. Valuable advice and counsel has been provided by the Advisory Board on Financing. Arrangements have been made under which the District will have the full benefit of the detailed familiarity with local conditions possessed by the professional planning and engineering staffs of our counties and cities. The effective cooperation that has been received from Boards of Supervisors and

City Councils, and from the various governmental agencies, has been of incalculable value.

The two recommendations of our Board to the State Legislature have received most favorable consideration and have been implemented by appropriate measures. The measures are Chapter 1755 California Statutes of 1959 which provides for financing the trans-Bay transit tube and approaches from surplus revenues of the San Francisco-Oakland Bay Bridge, and Senate Concurrent Resolution No. 57 of the 1959 session, which makes provision for the cooperation of all agencies having responsibilities relating to planning or providing transportation facilities for the public.

The third legislative recommendation of the Board relates to the modification of certain federal restrictions on the use of revenues of the San Francisco-Oakland Bay Bridge. To effect the modification and thus make possible the financing of the transit tube provided for in Chapter 1755 California Statutes of 1959, a bill, H. R. 8171, was passed without opposition by the House of Representatives at the First Session of the 86th Congress. The measure will be taken under consideration by the Senate when the Second Session convenes in January 1960.

In my opinion, the District has compiled a record of progress of which every Director can be proud—a record that goes far in setting up a continuing program of action to carry out the District's mandate from the Legislature.

CLAIR W. MACLEOD  
*President*

# Report of the General Manager

The fiscal year 1958-1959 marked the progress of the District from its organizational phase into the planning phase of its activities. To present in a readily understandable form a record of the District's activities during the past fiscal year, this report has been divided under appropriate subjects:

## Organizational and Administrative

The year saw the virtual completion of our basic organizational work. A basic staff organization was worked out and key positions were filled. Accomplishments included development and approval of various guide lines to provide an efficient, businesslike administration of the affairs of the District, among them being:

- (a) Rules governing proceedings of the Board of Directors and administration of the District.
- (b) Policies and procedures governing the administration of the District's personnel.
- (c) Participation in an employees' retirement system.

## Plans Development and Engineering

This important evolution of the District's responsibilities was greatly accelerated during the year when the District completed its search for the individual considered best qualified to fill the position of Chief Engineer and thus bring into the organization the necessary capabilities for mass transit planning. Mr. Kenneth M. Hoover, who has many years' experience in various phases of transit planning and operations and who had just previously completed his assignment as project director of the National Capital Region, Mass Transportation Survey, was selected for the position, after careful consideration of a number of persons who also have enviable reputations in this field.

Using as a point of reference the comprehensive transit planning studies that had been developed by the Rapid Transit Commission, steps were taken promptly to determine the additional studies and surveys that would be required to develop in a form suitable for submission to the Boards of Supervisors of the five counties and to the general public, the plans of a rapid transit system calculated to best meet the needs of our District for the present and the foreseeable future.

Related decisions to be reached were the matter of determining the firm or combination of firms best qualified to provide the services in this field required by the District; and, of comparable importance was the matter of setting up a workable procedure under which the District would realize the maximum of benefit from the detailed familiarity with local conditions and viewpoints possessed by the professional planning and engineering staffs of our counties and municipalities.

Closely allied to these considerations was an appreciation of the importance of insuring that as the development of the plan progressed, the professional staffs and, to the extent practicable, the public were kept informed on the factors that formed the basis for the various recommendations that would be embodied in the plan.

The selection by the District's Board of Directors of a joint venture of three well known and highly regarded engineering firms to undertake this work followed the recommendations of the Board's standing committee on Plans Development and Engineering, which were arrived at only after thorough and painstaking study by our staff and the committee. The three firms making up the joint venture are Parsons, Brinckerhoff, Hall and Macdonald of New York City, and Tudor Engineering Company and the Bechtel Corporation, both of San Francisco.

We feel that the vast professional and technical capabilities readily available to this combination gives good assurance of bringing to light all possible considerations that will contribute toward making the plan of the rapid transit system the one best suited to our District.

To implement the exchange of information, and views between the District's staff and its engineering consultants on the one hand, and the professional planning and engineering staffs of the counties and cities on the other, meetings of these groups have been held. These meetings will continue with the objective of maintaining the highest possible level of familiarity with the engineering program as it progresses and maintaining a full exchange of pertinent information.

The enthusiastic interest and cooperation with which this program for exchange of information has been received on all sides has been most heartening

and bodes well for clearing up questions which otherwise might form the basis for time-consuming controversies.

Planning activities during the year included also staff work to determine the additional studies and surveys that will be required in connection with the trans-Bay transit tube. The contract covering this work was negotiated and approved subsequent to July 1, 1959.

## State and Federal Legislation

Perhaps the most rewarding accomplishment of the District was in the field of legislation. With pardonable pride, we can point to the successful consummation of two of the District's legislative proposals, and satisfactory progress toward achieving the third.

With the enactment of Chapter 1755 California Statutes of 1959, and its subsequent approval on July 10, 1959, by the Governor, the State became a partner in the District's undertaking to provide an adequate system of mass rapid transit. Under the provisions of this Act, the construction and other costs of the trans-Bay tube would be financed from surplus revenues of the San Francisco-Oakland Bay Bridge. The approaches to the tube would be similarly financed but their costs would be subject to reimbursement from revenues of the District. Financing of the tube and approaches from Bridge revenues is contingent upon the approval by the electorate of the District of a general obligation bond issue to provide funds to meet the capital costs of the remainder of the system. This financial assistance from the State will reduce materially the funds that the District will need to raise through a general obligation bond issue and will reduce the amount that the District will be required to provide for capital costs of the rapid transit system.

The second of the legislative proposals related to the need for coordination between the various offices, departments, and agencies of State and local government having responsibilities in planning transportation facilities, including highways and mass transportation facilities, to the end that a maximum of economy and utility may be realized with a minimum of duplication of effort. The District's proposal in this regard was implemented by Senate Concurrent Resolution No. 57 (Chapter 262 California Statutes of 1959).

Pending a study of the need for specific legislation making coordination mandatory, the resolution urges voluntary cooperation between all agencies entrusted

with responsibilities relating to providing transportation facilities for the public. The immediate result of this legislation will be to bring into sharper focus the importance of closely coordinating these activities to the end that the public will receive the maximum of benefits from funds and efforts expended for these purposes.

Federal Legislation was proposed by the District to eliminate an existing restriction on the use of surplus revenue of the San Francisco-Oakland Bay Bridge. Removal of the restriction is necessary to carry out the plan for financing the costs of the trans-Bay transit tube provided for in Chapter 1755 Statutes of 1959 mentioned earlier in this report. The bill (H. R. 8171) which would remove this restriction was passed without opposition by the House of Representatives at the First Session of the 86th Congress. It will be taken under consideration by the U. S. Senate when the Second Session convenes in January 1960.

## Public Information and Education

In keeping with the District's philosophy that there must be full and complete public understanding of its program if rapid transit is to become a reality, an active public information program was continued and expanded during the 1958-1959 fiscal year.

Major activities during the 1958-1959 fiscal year included the following:

1. A mailing list totalling 10,500 names was developed and major categories were established to insure effective use of the list.
2. The District's information bulletin was published monthly as a basic, continuing source of information on the District's program, specifically, and on rapid transit developments and congestion problems, generally. The concept, form and content of the information bulletin have received much praise both locally and nationally, and from all indications, it is achieving its purpose.
3. A four-page brochure was developed and 35,000 copies were printed, most of which are in circulation. This brochure was conceived as an "interim" effort pending development of a specific rapid transit program by the District. Copies in quantity were provided to major civic organizations throughout the Bay Area, and a copy of the brochure has been made available to every person attending a District presentation.



4. Speeches on the District's program were delivered before more than 250 separate organizations, with a total audience of more than 15,000 during the 12-month period. Approximately 60 per cent of these presentations also included a showing of the General Electric motion picture, "Millions on the Move," two prints of which were purchased by the District.
5. A total of 107 press releases were prepared and mailed on newsworthy District events. These were sent to all or selected categories of a media mailing list which includes all daily newspapers, all weekly newspapers, all radio and television stations and all editorial officials and publishers in the District; all Sacramento correspondents, and some 70 national publications.

In addition to the press releases, 35 selected publications *not* produced by the District were mailed to various mailing list categories. These included the five-year subway review prepared by the Toronto Transit Commission and the excellent three-part series on congestion which appeared in the New York Times.

6. A large-scale public opinion survey was conceived, designed and carried out. The results, which indicated a large favorable opinion of rapid transit, became available shortly after the end of the fiscal year. The mass of information developed will be invaluable in the months ahead.
7. Other activities included visits to public officials and newspaper editors throughout the District; initiation of a broad citizen liaison program in conjunction with the Committee on Liaison with Governmental Agencies; preparation of a large semi-permanent display; preparation of numerous special articles and other types of special material for publications, public officials and interested citizens; and the handling of numerous press, radio, television, official and citizen inquiries.

## **Analysis of Reports and Compilation of Statistical Data**

The District has reviewed and analyzed numerous reports, including reports on public transportation in various parts of the United States and on subjects relating to the economy of the Bay Area.

Pertinent material, including statistical data, has

been extracted from these reports and re-compiled in forms considered to be best suited to our needs. These extracts and compilations are currently finding valuable application in furthering the District's program. Their usefulness will increase as the program progresses.

## **Analysis of the Impact of the District's Program on the Economy of the District**

During the latter part of the fiscal year considerable work was done by our staff and by the Board's Standing Committee on Financing to determine the consultant services that would be required in making an analysis of the impact of the rapid transit program on the economy of the District. The contract for these services was executed subsequent to the end of the fiscal year. The subject is mentioned here in view of the time and effort devoted by the staff and committee to the study during the period covered by this report.

## **Development of a Financial Plan**

Full recognition has been given to the importance of developing a sound and acceptable plan for financing the capital costs of the rapid transit system which will be proposed on the basis of the ultimate recommendation of the engineering consultants and a review of those recommendations by our Board of Directors. The staff and the Board's Committee on Financing are continuing the study initiated during the past fiscal year, directed at determining the services of consultants, expert in the field of public financing, that will be required in developing this plan.

## **Financial Transactions**

Expenses of the District during the fiscal year July 1, 1958 to June 30, 1959, were financed by a tax rate of 1.7 cents. The financial transactions, and the status of the District's accounts are set forth in subsequent pages of this report which include also the results of the audit and examination of the accounts by a firm of certified public accountants.

It is believed that the foregoing is an accurate and complete report of the finances and administrative activities of the District for the fiscal year July 1, 1958 to June 30, 1959.

The report is respectfully submitted to the Board of Directors pursuant to Section 28834(e) Public Utilities Code.

JOHN M. PEIRCE  
*General Manager*

## REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors,  
San Francisco Bay Area Rapid Transit District:

We have examined the balance sheet of the San Francisco Bay Area Rapid Transit District at June 30, 1959 and the related statements of unappropriated surplus and of expenditures and encumbrances compared with budget for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of the San Francisco Bay Area Rapid Transit District at June 30, 1959 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

San Francisco, California  
September 18, 1959

# San Francisco Bay Area Rapid Transit District

## Balance Sheet

June 30, 1959

### ASSETS

|   |          |                  |
|---|----------|------------------|
| Cash on deposit with Fiscal Agent . . . . .                 |          | \$341,997        |
| TAXES RECEIVABLE:   |          |                  |
| Alameda County . . . . .                                    | \$ 2,802 |                  |
| Contra Costa County . . . . .                               | 5,796    |                  |
| Marin County . . . . .                                      | 2,706    |                  |
| San Francisco County . . . . .                              | 1,521    |                  |
| San Mateo County . . . . .                                  | 1,953    |                  |
| TOTAL . . . . .   | 14,778   |                  |
| Less allowance for uncollectible delinquent taxes . . . . . | 7,352    | 7,426            |
| Office equipment—at cost . . . . .                          |          | 22,931           |
| TOTAL ASSETS . . . . .                                      |          | <u>\$372,354</u> |

### LIABILITIES, RESERVES, AND SURPLUS

|  |           |                  |
|--|-----------|------------------|
| Warrants payable . . . . .                         |           | \$ 22,704        |
| Reserve for encumbrances . . . . .                 |           | 82,222           |
| Surplus:   |           |                  |
| Unappropriated . . . . .                           | \$244,497 |                  |
| Invested in office equipment . . . . .             | 22,931    | 267,428          |
| TOTAL LIABILITIES, RESERVES, AND SURPLUS . . . . . |           | <u>\$372,354</u> |

NOTE: The District must pay into the General Fund of the State of California only from the proceeds of the first sale of bonds an amount of \$405,018, together with interest at 1½% a year, representing expenditures made by the San Francisco Bay Area Rapid Transit Commission (predecessor of the District) from certain appropriations of the State of California.

# San Francisco Bay Area Rapid Transit District

## Statement of Unappropriated Surplus

*Year ended June 30, 1959*

|   |           |            |
|---|-----------|------------|
| BALANCE JULY 1, 1958                              |           | \$(90,606) |
| ADD:  |           |            |
| Reserve for encumbrances, July 1, 1958            |           | 13,549     |
| Revenues for the year ended June 30, 1959:        |           |            |
| Taxes, penalties, and payments in lieu of taxes:  |           |            |
| Alameda County                                    | \$198,005 |            |
| Contra Costa County                               | 121,017   |            |
| Marin County                                      | 34,435    |            |
| San Francisco County                              | 187,215   |            |
| San Mateo County                                  | 105,447   |            |
| Total   | 646,119   |            |
| Less allowance for uncollectible delinquent taxes | 7,352     |            |
| Balance   | 638,767   |            |
| Interest on time deposits                         | 764       | 639,531    |
| TOTAL   |           | 562,474    |

DEDUCT:

Expenditures:

|  |         |           |
|--|---------|-----------|
| Expenditures applicable to year ended June 30, 1959 . . . . .                  | 224,048 |           |
| Expenditures applicable to reserve for encumbrances at June 30, 1958 . . . . . | 11,707  | 235,755   |
|  |         | <hr/>     |
| Reserve for encumbrances, June 30, 1959 . . . . .                              |         | 82,222    |
|  |         | <hr/>     |
| TOTAL . . . . .  |         | 317,977   |
|  |         | <hr/>     |
| UNAPPROPRIATED SURPLUS, JUNE 30, 1959 . . . . .                                |         | \$244,497 |

# San Francisco Bay Area Rapid Transit District

## Statement of Expenditures and Encumbrances Compared With Budget

Year ended June 30, 1959

### EXPENDITURES AND ENCUMBRANCES

|                                  | <u>Expendi-<br/>tures</u> | <u>Encum-<br/>brances</u> | <u>Total</u>     | <u>Budget*</u>   | <u>Budget<br/>excess</u> |
|----------------------------------|---------------------------|---------------------------|------------------|------------------|--------------------------|
| Salaries and wages . . . . .     | \$114,885                 | \$ 272                    | \$115,157        | \$127,770        | \$ 12,613                |
| Directors' fees . . . . .        | 12,050                    |                           | 12,050           | 38,400           | 26,350                   |
| Rent . . . . .                   | 17,921                    |                           | 17,921           | 18,650           | 729                      |
| Office expense . . . . .         | 22,896                    | 400                       | 23,296           | 39,265           | 15,969                   |
| Travel . . . . .                 | 9,813                     | 325                       | 10,138           | 28,000           | 17,862                   |
| Auto expense . . . . .           | 1,544                     |                           | 1,544            | 1,625            | 81                       |
| Professional services:           |                           |                           |                  |                  |                          |
| Legal . . . . .                  | 25,310                    | 3,000                     | 28,310           | 35,000           | 6,690                    |
| Planning and engineering . . . . |                           | 70,000                    | 70,000           | 137,500          | 67,500                   |
| Financing . . . . .              | 3,421                     |                           | 3,421            | 49,500           | 46,079                   |
| Public information . . . . .     | 3,093                     | 8,000                     | 11,093           | 30,000           | 18,907                   |
| Fixed charges:                   |                           |                           |                  |                  |                          |
| Insurance . . . . .              | 512                       |                           | 512              | 650              | 138                      |
| Interest . . . . .               | 1,324                     |                           | 1,324            | 2,250            | 926                      |
| County fees . . . . .            | 2,997                     | 225                       | 3,222            | 4,600            | 1,378                    |
| Employees' retirement plan . . . | 4,050                     |                           | 4,050            | 6,800            | 2,750                    |
| Capital outlay—                  |                           |                           |                  |                  |                          |
| Office equipment . . . . .       | 4,232                     |                           | 4,232            | 4,390            | 158                      |
| TOTAL . . . . .                  | <u>\$224,048</u>          | <u>\$ 82,222</u>          | <u>\$306,270</u> | <u>\$524,400</u> | <u>\$218,130</u>         |

\* Total budget:

|                                  |                  |
|----------------------------------|------------------|
| Expenditures, as above . . . . . | \$524,400        |
| Debt retirement . . . . .        | 90,606           |
| Unappropriated reserve . . . . . | 24,110           |
| TOTAL . . . . .                  | <u>\$639,116</u> |











